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June 12, 2009

Ms. Erika M. Zimmerman
U.S. Department of Justice
Environment and Natural Resources Division
Environmental Enforcement Section
P.O. Box 7611, Ben Franklin Station
Washington, DC 20044-7611

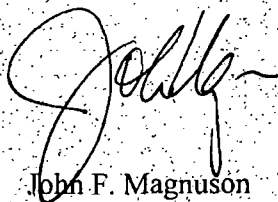
Re: Your Letter of June 2, 2009 to Callahan Consolidated Mines, Inc.

Dear Ms. Zimmerman:

I am in receipt of your June 2, 2009 letter to various parties, including Callahan Consolidated Mines, Inc. I hope you can appreciate that the Company has cooperated over a period of more than ten years in providing all documentation requested by you or your predecessors. The figure of \$23,500 proposed in payment under an as-yet to be agreed-upon consent decree will effectively deplete what limited resources the Company has available. Nonetheless, the decision as to whether or not to accept the same will rest with the Company's Board and I will recommend that it be accepted. This recommendation is, however, subject to review and agreement on the terms of a proposed draft consent decree. I would appreciate it if you would send the draft consent decree pertaining to Callahan to me at your convenience for review and discussion with my client.

Thank you.

Sincerely,



John F. Magnuson

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